

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**Community Development Section****State CDBG Program**

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**CDBG****Community Development Block Grant Program****MANAGEMENT MEMORANDUM****Memorandum Number: 04-08**

TO: All Eligible Jurisdictions and Interested Parties DATE: August 5, 2004

SUBJECT: 2004 General Allocation Contract Delay and Possible Delays in Processing Funds Requests.

Purpose of this Memo

To notify all eligible jurisdictions and interested parties of the following:

1. The State CDBG Program is currently updating its Standard Grant Agreement. The updating process will cause a delay in sending out contracts for all grantees awarded funds under the 2004 general allocation funding cycle.
2. Funds Requests will be delayed. CDBG Staff are anticipating payment delays due to state CDBG program's conversion to a new data system.

1. Delays in Issuing Grant Agreements for 2004 General Allocation Awards

State CDBG staff has been required to update the standard grant agreement. Staff is working with HCD division staff in legal and contracts in updating the current grant contract. This new contract will be used for all state CDBG funded activities from this date forward. The contract update process is almost complete. After completion, state staff will begin processing the final contracts for grantees that were awarded funds under the 2004 general allocation funding round. This means that final executed agreements may be 60 to 90 days later than the original start date of July, 2004 stated by CDBG state staff last year at the application training.

CDBG staff wishes to take this opportunity to apologize for any delay that this contract update process has imposed on you, our customers. We wish to remind you that starting this year we are allowing grantees to request permission to incur costs on general administration funds as soon an award letter is received. You may also request permission to incur costs on the actual activities under your application as long as all the activity's special conditions have been met. This means you can begin allocating funds to your programs and projects upon receiving written permission from the CDBG program for incurring costs. We encourage you to pursue this early release of funds so you can expend your grant funds as soon as possible.

We understand that some grantees are reluctant to commit local funds for their grant activities and then wait for reimbursement from the state upon final execution of the grant agreement. In order to not penalize these grantees, state staff will ensure that the grant contract, for this year only, will have a start date of October 1, 2004 not July 1, 2004. The 24 month period of the contract will begin with that new start date of October 1, 2004. Furthermore, the program/project milestones will be adjusted to fit with the new contract start date and a grantee that waits for the fully executed contract to arrive before incurring costs will not be penalized on performance.

It is not anticipated that the delay in getting revisions made to the state contract will affect the contract processing of recently submitted planning and technical assistance grant applications, nor will it impact any economic development award contracts. As always, if you have questions or comments about the information in this memo, then call your state program representative.

2. Delays in processing Funds Requests

The purpose of this section of the memorandum is to inform CDBG Grantees and program operators that any **Funds Request submitted to the Department during the conversion period from August 23, 2004 to November 1, 2004 may be subject to delays in processing.** These delays are anticipated due to the Department's implementation of the new State "Federal Integrated Financial Information System" (FIFIS) data system, including the conversion of the CDBG Program's existing City Software database system into FIFIS. CDBG staff will be required to enter financial information into both the old and new State systems and the federal IDIS system until a full reconciliation of all three systems is completed. The State CDBG Program will be engaged in completing the conversion and reconciliation from late August through approximately November 1st.

The State CDBG Program and the Department are planning to allocate additional staff in order to minimize the likely delays in the processing and payment of Funds Requests during this time period. However, Funds Requests submitted during the conversion period may be delayed by one to four weeks.

If you have any questions or concerns, please contact your State CDBG Representative.